UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF ARIZONA

Minute Entry

Hearing Information:

Debtor: ARETE HOLDINGS, LLC
Case Number: 2:11-bk-02009-RTB **Chapter:** 11

Date / Time / Room: THURSDAY, JANUARY 27, 2011 10:00 AM 7TH FLOOR #703

Bankruptcy Judge: REDFIELD T. BAUM
Courtroom Clerk: LORRAINE DAVIS
Reporter / ECR: LAURIE STALLMAN

Matters:

1) EXPEDITED HEARING ON DEBTOR'S MOTION FOR JOINT ADMINISTRATION
R / M #: 3 / 0

2) EXPEDITED HEARING ON DEBTOR'S MOTION FOR INTERIM & FINAL ORDERS AUTHORIZING USE OF CASH COLLATERAL
R / M #: 6 / 0

3) EXPEDITED HEARING ON DEBTOR'S MOTION FOR INTERIM & FINAL ORDERS APPROVING POST PETITION FINANCING AND CONTINUING EXISTING CREDIT AGREEMENT
R / M #: 5 / 0

4) EXPEDITED HEARING ON DEBTOR'S MOTION FOR AUTHORIZATION TO USE EXISTING BANK ACCOUNTS, SWEEP ACCOUNTS & FINANCIAL PROCEDURES
R / M #: 4 / 0

Appearances:

C. TAYLOR ASHWORTH, ATTORNEY FOR ARETE HOLDINGS, LLC
JOSH L. KAHN, ATTORNEY FOR ARETE HOLDINGS, LLC
LARRY WATSON, JENNIFER GIAIMO, ATTY UST
DAVID MEYER, ATTY POTENTIAL BUYER

Proceedings:

Mr. Ashworth informs the court that there are 5 cases and the lowest number is before this court. This is a joint enterprise that operates sleeping centers in various states. He is hopeful the debtor will be able to sell the assets and file a liquidating plan. He reviews the motion for joint administration. Ms. Giaimo has no objection. The court confirms that the relief being sought today is on an interim basis.

COURT: IT IS ORDERED granting the motion for joint admininistration on an interim basis and subject
to a final hearing. Counsel may serve & lodge an order.

Mr. Ashworth reviews the status of the cash collateral issues and informs the court that Mr. Kahn spoke with counsel for the secured creditor yesterday. He will be meeting with local counsel to work out the issues further. They have no objection on an interim basis.

Mr. Watson expresses his concern as to the adequacy of notice, but given counsel's comments he is okay with moving forward on an interim basis.

COURT: IT IS ORDERED approving the use of cash collateral on an interim basis. Until an agreement is
reached, or a further order is entered, beginning February 4, 2011 and every Friday thereafter, the debtor is ORDERED to file a statement of receipts and disbursements going forward. Counsel
may serve & lodge an order.

Mr. Ashworth addresses the cash management system that the debtor is currently using and seeks approval to continue doing the same going forward. The court discusses the matter with counsel and wants to make sure the accounting operations of the debtor understand that they need to accurately and fully account for any money going in and out of each debtor entity.

Mr. Watson expresses similar concerns as the court and will discuss the issues further with the debtor and counsel.

COURT: IT IS ORDERED granting the motion on an interim basis. Counsel may serve & lodge an order.

Mr. Ashworth addresses the status of the DIP financing and informs the court payroll is due next Thursday. The rent is also due on the first of the month and they will need more funds than anticipated. He would like this matter deferred to next week. The court discusses the matter with counsel and Mr. Kahn joins in the discussions.

Mr. Watson responds and expresses his concerns. He notes this is a medical case and inquires whether a

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ombudsman will be necessary.

COURT: IT IS ORDERED continuing this matter, the interim issues and the forthcoming motions to 2/1/11 @ 11:00 a.m.